



PREAWARD EVALUATIONS

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Business Advisory Council

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AUDIT OFFICE

The Audit Office conducts:

- **Performance audits**
- **Compliance audits**
- **Contract compliance audits**
- **Preaward evaluations**

The Audit Office follows the International Standards for the Professional Practice of Internal Auditing or the Generally Accepted Government Auditing Standards, as applicable.

PREAWARD EVALUATIONS

Preaward evaluations:

- **Performed for Qualifications based procurements as negotiation support to the Contract Manager**
- **Determine a fair and reasonable price in compliance with:**
 - » 40 USC §1101
 - » California Government Code 4526
 - » Contract provisions
- **Evaluation of proposed costs:**
 - » Labor
 - » Indirect Costs
 - » Other Direct Costs
- **Preaward recommendations are addressed prior to contract execution**

CHALLENGES IN CONSISTENCY

- Preawards are performed by analyzing each firm individually.
- Each consultant has a different level of sophistication in its financial management system.
- Different financial management systems require differing levels of documentation and analysis.
- Variables include:
 - » Hours recorded
 - » Salary, hourly, owner draws
 - » Type of business entity
 - » Segregation of direct and indirect costs
 - » Length of time in business

PREAWARD PROCESS

Auditors follow a prescribed audit program in performing preaward evaluations.

Auditors prepare workpapers to document the work performed, their analysis of the information provided, and conclusions reached.

Workpapers are reviewed at two levels. The first level is to determine if the objectives have been met. The second level is to determine if the issues identified are supported in the workpapers.

THANK YOU

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